

REMARKS

Claims 1-38 are pending in this application. Claims 1-38 are rejected.

Claims 9, 20, 24, and 35 have been amended. The amendments to claims 9, 20, 24, and 35 are fully supported by the specification. No new matter has been added.

Response to the Objection

The Applicant respectfully acknowledges the Examiner's objection to claim 9 on the basis of insufficient antecedent basis in line 3 of the claim. Applicant submits corrective amendments to said claim and requests that the Examiner's objection therefore be removed.

Response to the Non-Statutory Subject Matter Rejection

Claims 19 and 23 are rejected under 35 U.S.C. § 101 because the claimed invention is directed to non-statutory subject matter. Applicant respectfully traverses the Examiner's rejection. Applicant respectfully submits that claim 19 and 23 are dependent claims, the base claims being patentable under 35 U.S.C. § 101. Moreover, Applicant contends that claims 19 and 23 are directed to an apparatus covered under 35 U.S.C. § 101. Claim 19, for example, contemplates a computer configured to generate one or more checks in conjunction with a database to administer an annuity contract. Claim 23, for example, covers a system for administering an annuity contract including a database and computer, wherein the computer is configured to perform the specified functions. Moreover, claims 19 and 23, in contrast to the claims discussed in *Schrader and Warmerdam*, provide machines (i.e., a computer system) that perform the signaling function, and thus do not comprise an invention that is solely "mathematical in nature." Thus, both claims provide a "practical application," in accordance with *Warmerdam*. In light of the foregoing argument, Applicant requests allowance of claims 19 and 23.

Response to the Anticipation Rejection

Claims 1-9, 12, 20, and 24 are rejected under 35 U.S.C. § 102(b) as being anticipated by U.S. Patent No. 5,893,071 (hereinafter referred to as "Cooperstein"). The

Examiner alleges that Cooperstein discloses each and every element of the invention as recited in 1-9, 12, 20 and 24. Applicant respectfully traverses the Examiner's allegation.

With respect to claim 1, the Examiner specifically argues that claim 1 includes the "intended use" related to "a payout option which permits the contract owner to withdraw an amount of principal from the annuity during the payout phase of the individual annuity contract" and "the memory disclosed in Cooperstein would capable of performing this intended use."

Applicant respectfully asserts that the memory of Cooperstein is not capable of this feature because Cooperstein does not provide for any such a teaching, and in fact, teaches away from annuities systems that provide withdrawal during the pay out phase, as claimed. Cooperstein does not disclose an annuity administration system or process to *structure* an annuity, as covered by the presently claimed invention. Rather, Cooperstein discloses a demonstration tool. See Abstract in Cooperstein. Accordingly, Cooperstein does not discuss whether a withdrawal would be allowed in the payout phase, e.g., where regularly scheduled annuity payments are issued post-annuitization. More specifically, in column 10, where withdrawal is extensively covered, Cooperstein is silent about withdrawals of principal or in the payout phase of the annuity. This silence by Cooperstein is evidence that Cooperstein provides absolutely no teaching on how annuities may be treated during the payout phase.

In fact, as the Applicant has previously asserted, Cooperstein likely teaches away from a payout phase withdrawal. Cooperstein states that in pure life annuities

principal and/or interest are not available after income payments commence, neither for withdrawal nor on or after the annuitant's death. To do so otherwise n death negates the calibrated redistribution of these amounts back to surviving annuitants; to do so otherwise on withdrawal has the same effect because moneys could be withdrawn as annuitants neared death. Column 2, lines 7-15

Cooperstein does not address a change to this aspect of annuities contracts. Cooperstein is entirely focused on *facilitating* annuities contract information to the public, not providing for a novel annuity contract structure. See column 3, lines 6-11.

The Examiner acknowledges this citation in Cooperstein, but improperly discounts it simply because the citation is extracted from the BACKGROUND OF THE INVENTION. See Office Action, page 15, last paragraph, to page 16, first paragraph. The

Examiner contends that this section of the Cooperstein is where "the Cooperstein patent wishes to teach away from or enhancement towards."

Applicant, however, contends this view is overly broad and not applicable. While typically the BACKGROUND OF THE INVENTION may be used for such purposes, it is not always the case, as in Cooperstein. In Cooperstein, the BACKGROUND OF THE INVENTION section dedicates a substantial portion to educating the reader regarding annuities. The theme of this section of Cooperstein, i.e., the commonly referred to concept of a "strawman" that represents the unsolved problem in the art, is provided beginning in column 2, line 47. More specifically, Cooperstein describes a field in which "many different types of annuity contracts" may exist, but the issue is a "lack of financial disclosure" and "little has been done to demonstrate and explain the underlying mechanism of life annuities to the public or insurance sales and service people." Column 2, lines 47-51. Thus, Cooperstein provides a tool for users to access information, which is secondary to the annuity contract itself.

Moreover, with respect to the quoted section in the BACKGROUND OF THE INVENTION, Applicant's review of the specification thus far indicates the above-position to be supported because Cooperstein does not appear to address the reduction in contract value in the payout phase as scheduled payments are made and does not appear to address the impact of those payments to the death benefit withdrawal option or to the specific rider for annuitants meeting certain requirements. Thus, Cooperstein indicates such withdrawals in Cooperstein were available prior to the payout phase or annuitization.

Because Cooperstein does not teach each of the elements of claim 1, claim 1 cannot be, and is not, anticipated by Cooperstein. As claim 1 is not anticipated by Cooperstein, dependent claims 2-4 are also not anticipated. The Examiner rejects independent claim 5 "under the same grounds" as claim 1. See the Office Action, page 6. Based on the foregoing argument with respect to claim 1, claim 5, and its dependent claims 6-8, are also not anticipated.

With respect to claim 9, the Examiner argues that Cooperstein again teaches each and every element. However, Applicant submits that Cooperstein does not teach at least one element of claim 9. For example, based on reasoning similar to Applicant's argument against the Examiner's anticipation rejection of independent claims 1 and 5 (see above), Cooperstein does not disclose the ability to make a withdrawal and/or surrender the contract during the payout

phase of the annuity, as recited by newly amended claim 9. Accordingly, claim 9, and claim 12, which is dependent thereon, are not anticipated by Cooperstein.

The Examiner rejected claims 20 and 24 "under the same grounds as claim 9." Applicant respectfully traverses the Examiner's rejection of these claims. In view of the amendments to claims 20 and 24, and the arguments above relating to claim 9, which equally apply to claims 20 and 24, the Examiner's rejection should be removed.

In view of the foregoing, Applicant respectfully believes removal of the anticipation rejection is warranted. Allowance of claims 1-9, 12, 20, and 24 is requested.

Response to the Obviousness Rejection

Claims 10-11, 13-19, 21-23, and 25-38 are rejected under 35 U.S.C. § 103(a) as being unpatentable over Cooperstein in view of the Examiner's Official Notice.

Applicant respectfully traverses the obviousness rejection. Applicant notes that claims 10-11, 13-19, 21-23, 25-34, and 36-38 are dependent claims. As noted above, the independent claims upon which these dependent claims are based are not anticipated by Cooperstein, as the Examiner asserts as the basis for the obviousness rejection. The deficiencies of Cooperstein are not supplemented by the teachings or suggestions of the Examiner's Official Notice, which is limited to the allegations of the use of the Annuity Paid Units equation. That is, neither Cooperstein nor the Official Notice provides a teaching or suggestion regarding withdrawal or surrender during the payout phase of an annuity contract. Therefore, the combination of Cooperstein and the Examiner's Official Notice do not teach or suggest each and every element of claims 10-11, 13-19, 21-23, 25-34, and 36-38.

With respect to claim 35, Examiner notes "claim 35 is rejected under the same grounds as is claim 20." See Office Action, page 13. Applicant respectfully submits that claim 35 should, in turn, be allowed for the same reasons claim 20 should be allowed, as presented above. That is, the combination of Cooperstein and the Examiner's Notice that it "would be known to one of ordinary skill in the art to use the Annuity Units Paid equation" does not render obvious the subject matter of claim 35. See Office Action, page 15.

With respect to the Official Notice, the Examiner contends that Applicant has not specifically addressed the "supposed errors in the [E]xaminer's action." Thus, the Examiner concludes that "applicant's broad request for references to support Examiner's statements of

Official Notice amounts to nothing more than an unsupported challenge" and certain claims are assumed to be "admitted prior art because of Applicant's traversal was inadequate." See Office Action, page 17.

Applicant respectfully disagrees with the Examiner's position. Applicant submits that it is inappropriate to take official notice of such a non-obvious combination of features without some suggestion or motivation disclosed in the art. Even after *KSR v. Teleflex*, Examiners are directed that "in formulating a rejection under 35 U.S.C. § 103(a) based upon a combination of prior art elements, it remains necessary to identify the reason why a person of ordinary skill in the art would have combined the prior art elements in the manner claimed" by a memorandum dated May 3, 2007 from USPTO's Deputy Commissioner Ms. Focarino. Accordingly, Applicant's request for references to support Examiner's statement is proper. In light of the foregoing, Applicant requests that prior art patents or publications be provided to substantiate the substance of the Official Notice. Additionally, Applicant reserves the right to further argue the Official Notice until the Examiner provides these references.

The Examiner also contends that "statements of Official Notice made in the art rejection have been on record since the issuance of the rejection mailed on 21 May 2007." Applicant respectfully disagrees with the Examiner. Examiner's Official Notice as presented in the December 12, 2007 Office Action was not provided in the Office Action of May 21, 2007. Accordingly, contrary to the Examiner's position there can be no such Admission by the Applicant.

Conclusion

In light of the above amendments and remarks, Applicant respectfully requests the entrance of the amendments and the removal of the rejections, and respectfully solicits a Notice of Allowance.

Applicants invite the Examiner to contact Applicants' representative, designated below, should any further elaboration be required or if the Examiner has any suggestions to further expedite allowance and issuance of this case.

Respectfully submitted,

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Date


Pejman Sharifi Reg. No. 45,097
WINSTON & STRAWN LLP

DC:520544.1

Customer No. 28765

Tel: 212-294-2603